

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 COME-00 FEAE-00 CIAE-00 INR-07

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FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 2966

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E.O. 11652: N/A

TAGS: EFIN, EIND, EINV

SUBJECT: FOREIGN INVESTMENT CLIMATE, ALGERIA

REF: STATE 165596

1. THERE ARE NO STATISTICS AVAILABLE ON FOREIGN INVESTMENT IN ALGERIA; HOWEVER, THE AMOUNTS ARE NEGLIGIBLE. US INVESTMENT IN ALGERIA IS THOUGHT TO BE ABOUT \$50 MILLION, MOSTLY IN THE PETROLEUM SECTOR.

2. A FEW US FIRMS ARE INVOLVED IN MINORITY JOINT VENTURES IN ALGERIA BUT ALL ARE HERE FOR SPECIFIC PROJECTS AND THEIR VENTURES INVOLVE LITTLE DIRECT CAPITAL INVESTMENT.

3. WHILE LEGALLY PERMISSIBLE UNDER THE ALGERIAN INVESTMENT CODE, FOREIGN INVESTMENT IS, IN FACT, UNWELCOME AND UNWANTED IN ALGERIA. ALGERIA HAS NATIONALIZED MOST PRIVATE DOMESTIC AND FOREIGN FIRMS WITH FACTORIES IN ALGERIA. THOSE YET NOT NATIONALIZED KNOW THEY WILL BE SOONER OR LATER. UNDER THESE CONDITIONS, FOREIGN CAPITAL IS OBVIOUSLY NOT ATTRACTED TO ALGERIA. EVEN THE FRENCH, WHO HAVE A DOMINANT POSITION IN ALGERIA'S TRADE AND COMMERCE, HAVE NOT HAD ANY NEW DIRECT INVESTMENT HERE IN MANY YEARS.

4. WITHIN THE CONTEXT OF ALGERIA'S CURRENT FOUR-YEAR DEVELOPMENT PLAN, HOWEVER, THE MINISTER OF INDUSTRY AND

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ENERGY HAS STATED THAT UNDER CERTAIN CONDITIONS, FOREIGN

INVESTMENT WOULD BE CONSIDERED. FIRST, IF THE PROJECT INVOLVED HIGH TECHNOLOGY AND SECONDLY, IF IT WERE AN EXPORT INDUSTRY. TO OUR KNOWLEDGE NO ONE HAS TAKEN THEM UP ON THIS OFFER, AND IT HAS YET TO BE TESTED. IN ANY CASE, ALL FOREIGN INVESTMENT PROPOSALS MUST BE APPROVED BY THE ALGERIAN INVESTMENT BOARD;PARKER

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